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TO RUEHC/SECSTATE WASHDC PRIORITY 7247
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RUCPDO/USDOC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUYNAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
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RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY
RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY
RHMFIUU/USFJ PRIORITY
INFO RUEHFK/AMCONSUL FUKUOKA 9865
RUEHNH/AMCONSUL NAHA 2225
RUEHNAG/AMCONSUL NAGOYA 7977
RUEHKS0/AMCONSUL SAPPORO 0441
RUEHOK/AMCONSUL OSAKA KOBE 3606
RUEHBJ/AMEMBASSY BEIJING 5341
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RUEHUL/AMEMBASSY SEOUL 1339
RUCNDT/USMISSION USUN NEW YORK 1649
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SUBJECT: TOKYO MEDIA REACTION - GLOBAL ECONOMY

¶1. LEAD STORIES: There were no papers published on Tuesday morning due to a press holiday. Broadcasters gave top play to the announcement on Monday by Lehman Brothers that it has filed for bankruptcy protection.

¶2. "Avoiding Worst-Case Scenario for Global Economy"
The liberal Asahi editorialized (9/15): "...The Department of the Treasury took control last week of Fannie Mae and Freddie Mac, the two troubled housing mortgage insurance firms. The move was one step short of nationalization.... However, there is no end in sight to the crisis in the U.S. financial system and the deterioration of the global economy. On the contrary, they are both likely to worsen. If the dollar were to collapse due to the financial crisis and a recession in the U.S., the damage to the global economy would be immeasurable. As they look to prevent a worst-case scenario while searching for a path toward recovery, the U.S. and world economies will likely face rough going in the days ahead."

SCHIEFFER